



Department of Justice

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JUSTICE DEPARTMENT AND STATES REQUIRE DIVESTITURE IN WASTE COLLECTION ASSET SWAP DEAL

WASHINGTON, D.C. -- The Department of Justice and the Attorneys General of Illinois and Missouri today reached a settlement allowing Allied Waste Industries and Browning-Ferris Industries Inc. to go forward with a proposed \$210 million asset swap, after Allied and Browning-Ferris agreed to sell certain waste collection routes in the St. Louis metropolitan area.

The Department's Antitrust Division and the state Attorneys General filed suit today in U.S. District Court in Washington, D.C. against Allied and Browning-Ferris to block their original asset swap proposal. At the same time, federal and state antitrust officials agreed to a proposed settlement that, if approved by the Court, would settle the case and eliminate the transaction's potential harm to competition. The asset swap proposal, which is the subject of today's filings, is separate from the proposed purchase of Browning-Ferris by Allied which continues to be reviewed by the Department of Justice and several state attorneys general.

"Without this divestiture, St. Louis business consumers such as stores and restaurants would have paid higher prices and received lower quality services for waste collection," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "This agreed-upon divestiture will ensure that consumers continue to have the benefits of competition."

According to the complaint, the proposed acquisition would substantially lessen competition for commercial solid waste hauling services in the St. Louis market. Allied and Browning-Ferris are two of only three major competitors providing small container commercial hauling services in the St. Louis market, which includes the City of St. Louis and St. Louis County in Missouri and the Illinois Counties of St. Clair, Madison and Monroe.

Commercial waste hauling means the collection and transportation to a disposal site of trash and garbage stored in small metal containers or dumpsters, generally by specialized front-end load trucks, from establishments such as office and apartment buildings and retail businesses, such as stores and restaurants.

Under the proposed settlement, Allied and BFI agree to divest twelve commercial small container routes in the St. Louis market. In addition, Allied has agreed not to use contracts for its customers exceeding terms of two years with one year renewals or to use excessive liquidated damage terms.

The Department said that the settlement terms will allow a new competitor to replace the competition that would have been lost in the St. Louis market and reduce entry barriers to small firms created by restrictive customer contracts.

Allied and BFI are two of the three largest waste hauling and disposal companies in the United States. In 1998, BFI had domestic revenues of nearly \$4.7 billion and Allied had domestic revenues of \$1.6 billion. BFI, headquartered in Houston, Texas and Allied, based in Scottsdale, Arizona, serve commercial, municipal, industrial and residential customers throughout the U.S.

As required by the Tunney Act, the proposed Final Judgment will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed decree during a 60-day comment period to

J. Robert Kramer II, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, N.W., Suite 3000, Washington, D.C. 20530 (202-307-0924). At the conclusion of the 60-day comment period, the Court may enter the Final Judgment upon a finding that it serves the public interest.

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